

Message Text

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ACTION EUR-12

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C O N F I D E N T I A L LISBON 4300

E.O. 11652: GDS
TAGS: MARR PO
SUBJ: AZORES BASE NEGOTIATIONS

REF: (A) STATE 140229 (B) LISBON 4255

SUMMARY: VILLAS BOAS HAS REVIEWED HIS WASHINGTON TALKS
WITH US. INTERMINISTERIAL COMMITTEE MEETING SET FOR
JUNE 8 HAS BEEN PUT OFF AND HE HPES TO HOLD IT TOWARDS
END OF NEXT WEEK. VILLAS BOAS FLOATED IDEA THAT MILITARY
PORTION OF QUID MIGHT BE REDUCED, TO ENHANCE AZOREAN SHARE.
REVIEWING STATE OF PLAY, WE STRESSED URGENT NEED FOR CENTRAL
GOVERNMENT TO TAKE A FIRM LINE WITH AZOREANS, MAKE A POLITICAL
DECISION TO RESOLVE OUTSTANDING POINTS AT ISSUE, AND MOVE
PROMPTLY TO CONCLUDE AGREEMENT. END SUMMARY.

1. DCM MET JUNE 9 WITH VILLAS BOAS, FONMIN DIRGEN FOR
POLITICAL AFFAIRS, AT LATTER'S REQUEST. VILLAS BOAS'S
OBJECT WAS TO REVIEW HIS WASHINGTON CONVERSATIONS ON
AZORES BASE RIGHTS EXTENSION (REF A) AND TO CLARIFY A
POINT ON THE QUID.

2. VILLAS BOAS WANTED TO BE CERTAIN THAT WITHIN
AN OVERALL TOTAL THE US COULD BE FLEXIBLE AS
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BETWEEN THE AMOUNT OF GRANT ECONOMIC ASSISTANCE AND
MILITARY ASSISTANCE. HE SAID HE HAD ASSUMED THIS WAS
THE CASE AND HAD SO INFORMED HIS PRINCIPALS, BUT
SOMEHOW GOT THE IMPRESSION IN WASHINGTON THAT THE US
BUDGETARY PROCESS PRECLUDED FLEXIBILITY. DCM STATED
WE HAD FLEXIBILITY IN NEGOTIATING STAGE. DCM NOTED
THAT FROM THE OUTSET OUR 60/60 PROPOSAL HAD BEEN

ILLUSTRATIVE, BOTH REGARDING THE AMOUNT AND THE ECONOMIC/MILITARY DIVISION OF THE TOTAL. IT WAS UP TO THE GOP TO DECIDE HOW IT WANTED TO CUT THE PIE.

3. VILLAS BOAS SAID --IN CONFIDENCE-- THAT HE RAISED THIS POINT BECAUSE PRESIDENT EANES, RECOGNIZING LIMITS ON US GRANT ASSISTANCE IN RETURN FOR RENEWAL, WAS THINKING OF ASKING THE MILITARY TO GIVE UP A PORTION OF THEIR QUID TO THE AZOREANS. THE GOAL WAS TO TRY AND MEET THE AZOREAN REQUEST FOR \$100 MILLION ECONOMIC GRANT. DCM WAS NON-COMMITTAL; NOTED ALL NUMBERS WERE HYPOTHETICAL ABOVE \$120 MILLION; SAID WE'S BE WILLING TO EXAMINE A FIRM COUNTER-PROPOSAL IN THE CONTEXT OF THE REST OF THE RENEWAL PACKAGE. IT WAS UP TO THE GOP TO MAKE A PROPOSAL IT WAS PREPARED TO LIVE WITH.

4. VILLAS BOAS REVIEWED REST OF POINTS COVERED IN HIS WASHINGTON TALKS ALONG LINES OF REF A. DCM REITERATED OUR POSITION ON POINTS AT ISSUE. RE LABOR MATTERS, DCM PARTICULARLY STRESSED NEED NOT TO GET BOGGED DOWN IN DETAILS. NOTED WE HAVE AN AGREED MECHANISM FOR HANDLING SUCH POINTS AND WE SHOULD REMAIN WITH IT. VILLAS BOAS AGREED, BUT WAS FEARFUL AZOREANS WOULD BE DIFFICULT ON LABOR POINTS. DCM STATED SUCH MATTERS WERE BEST LEFT FOR POST-RENEWAL DISCUSSIONS AT TECHNICAL LEVEL, BUT WE MIGHT BE ABLE
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TO DEVELOP SOME ANODYNE LANGUAGE TO ORIENT THOSE DISCUSSIONS IN A POSITIVE MANNER.

5. VILLAS BOAS SAID HE HAD TO POSTPONE JUNE 8 MEETING OF INTERMINISTERIAL COMMITTEE BECAUSE HE HAD JUST RETURNED FROM US DAY EARLIER. HE HOPES TO CONVENE A MEETING NEXT WEEK, BUT HE IS NOT SURE IT WILL BE POSSIBLE. THE AZOREAN REGIONAL ASSEMBLY IS IN SESSION AND THAT MAY COMPLICATE MATTERS FOR REIS LEITE, THE AZOREAN REPRESENTATIVE ON THE INTERMINISTERIAL COMMITTEE. VILLAS BOAS EXPRESSED UNHAPPINESS WITH REIS LEITE'S RECENT STATEMENTS TO THE PRESS (REF B), BUT ACKNOWLEDGED IT WAS NECESSARY FOR THE GOP TO COME TO INTERNAL AGREEMENT AND APPROACH THE US WITH A FIRM COUNTER-PROPOSAL AS REIS LEITE HAD SUGGESTED.

6. THROUGHOUT CONVERSATION DCM REITERATED TO VILLAS BOAS HIS PERSONAL VIEW THAT TIME WAS GROWING SHORT TO MEET THE JULY GOAL OF SIGNATURE; THAT VILLAS BOAS'S INTERMINISTERIAL COMMITTEE HAD DONE ITS WORK; THAT WHAT WAS NECESSARY NOW WAS FOR PORTUGAL'S POLITICAL LEADERSHIP TO TAKE MATTERS IN HAND, RESOLVE OUTSTANDING

ISSUES IN A SENSIBLE MANNER, AND RENEW THE AGREEMENT.

7. COMMENT: I HAVE AN APPOINTMENT WITH THE FOREIGN
MINISTER ON JUNE 12 FOR A POST-WASHINGTON SUMMIT
TOUR D'HORIZON. I INTEND TO RAISE LAJES AND ESPECIALLY THE
NEED FOR SOMEONE AT THE VERY SENIOR LEVEL OF THE GOP TO TAKE
CHARGE OF THE AZOREANS AND TO CONCLUDE THESE
NEGOTIATIONS.
BLOOMFIELD

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